



ABN·AMRO



mortgages

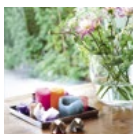
Choosing the home
loan that's best for
you





"My wife and I have seen a house that looks just right for us. Now we need to raise the money. While neither of us knows much about mortgages, we do know what we want: to buy a nice house, and have enough money left over to enjoy life. Now, and as we get older. The advisor we met with yesterday understood our situation. It's not all settled yet, but I'm sure he can help us find the right mortgage."

choosing the home loan that's best for you



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Before you buy a home, there are a few things you should know about mortgages.

a mortgage is a loan for your home

Borrowing for your new home

Most people who want to buy, build or renovate a home need a loan to do so. A loan you take out for your home is called a mortgage. You pay interest on what you have borrowed, while you usually repay the loan over a period ('term') of thirty years. Shorter and longer terms are also available, but mortgage interest is tax deductible for no more than thirty years.

Mortgage interest

Mortgage interest rates move in line with economic developments. When you take out a mortgage, it is at the rate of interest applicable at that time. You can choose the length of time that the interest rate will apply. That way, you know exactly how much interest you will need to pay each month for the period ahead. The period you choose is called the 'fixed rate period'. Alternatively, you can opt for a variable or floating rate of interest, which means the interest rate may change each month. If interest rates go down, you'll be better off with a variable rate mortgage. However, if rates go up, you'll pay more than if you had fixed the rate. A variable rate also means you will not be sure how much you will be paying each month. If predictability is very important to you, the best option is to



agree a fixed interest rate for the entire term of your mortgage.

Suppose that you fix the rate of interest for ten years. When the ten years are up, your interest rate is adjusted to the rate applicable at that time. This new rate may be higher or lower than what you were paying in the first ten years. You can now also agree a different fixed-rate period.

Paying back your loan

If you borrow money from the bank, you have to pay it back.

There are three ways of doing this:

1. You repay part of the loan each month. In this case, the outstanding balance decreases gradually until, by the end of the term, you owe nothing.
2. During the loan term, you pay only interest. This means that, at the end the term, you still owe the full amount you borrowed. You then pay the money back in one go. You might do this using savings you have built up during the term of the loan, for example. Or you might raise the money by selling the property. You can borrow up to half of the value of your home on an 'interest-only' basis.

Repayment problems?

If you borrow money from a bank, the bank wants to be sure you will repay the loan. In the case of a mortgage, this means you pledge your home to the bank. The bank is therefore entitled to sell your home. However, the bank understands that people sometimes have problems repaying their mortgage loans – because they lose their jobs or get divorced, for example. If you get into difficulties, tell us, and we'll try to work something out with you. We will only sell your home as a last resort. If that happens, the proceeds from the sale will be used to repay the loan. If the sale brings in less than what you owe, you will have to fund the balance from another source.

National Mortgage Guarantee Scheme

The National Mortgage Guarantee Scheme (NHG) offers secure and affordable home loans. You pay less interest with an NHG mortgage than with other mortgages. The scheme also provides protection under certain circumstances. For example, if – through no fault of your own – you are unable to repay your



mortgage and your home is sold for less than what you owe, you will not have to pay back the difference.

When you take out an NHG mortgage, you pay a fee to buy into the scheme. Admission to the scheme is also subject to certain conditions. There is a limit to how much you can borrow, for example. ABN AMRO's mortgage advisors will take the conditions into account.



You can call the **NHG** on 0900 112 2393 (€ 0.35 per minute).

Taking out a mortgage?

Make sure you get your tax relief!

your home and the tax rules

Tax relief for up to thirty years

Mortgage interest is deductible from your income tax for up to thirty years. The cost of obtaining a mortgage is also deductible in the year that you take it out. Deductible costs include:

- ▶ Valuation fee
- ▶ Mortgage advice and arrangement fees
- ▶ Civil-law notary's fee
- ▶ National Mortgage Guarantee Scheme (NHG) fee

Home equity

If you sell your home, you may get more than the outstanding balance of your mortgage loan. This difference is called 'home equity'. If you buy another home, but do not use your home equity to fund this purchase, the 'additional loan' rules apply. In other words, the tax authorities take the view that you are borrowing more for your new home than you really need to. After all, you could have put your home equity towards the purchase. Therefore, the interest on this 'unnecessary' portion of the loan is not tax-deductible.



Visit **belastingdienst.nl** for information about your home and the tax rules. If you'd like to know more about the tax issues, a tax advisor can help.

You have seen a home you love, but is it affordable? Do a few quick calculations.

your home and what it will cost

Two types of cost

There are two types of cost involved in buying and owning a home:

- ▶ Purchase costs: one-off costs you have to pay when you buy your home.
- ▶ Regular expenses and maintenance costs: payments you must make every month (or at some other interval) after you've bought your home.

Purchase costs

Purchase costs include:

- ▶ Purchase-related costs
- ▶ The price you pay for the home itself
- ▶ Professional fees and charges)



“We asked our advisor to list all the things we’d have to find money for. This way, we know exactly what our monthly outgoings will be.”

Purchase-related costs	Loan-related cost	Home-related costs
Property transfer tax	Advice fee Arrangement fee	Renovation and maintenance
Civil-law notary’s fee for property transfer	Civil-law notary’s fee for mortgage deed	Moving and decorating
Bank guarantee commission	Valuation fee	Insurance
Estate agent’s fee (1 to 2%)	NHG application fee (where applicable)	Property tax and local authority rates
Structural survey fee	Structural survey fee (where applicable)	Utility and service connection charges

You may want to renovate your new home as soon as you've bought it. If you'd like to borrow enough to cover the cost of both buying and doing up your home, discuss the options with your advisor.

Regular expenses and maintenance costs

Once you have bought your home, you will have to pay your mortgage every month. You'll also need insurance against damage by fire or storm, for example. And you will have to pay property tax to the local authority every year. Then there are monthly bills for gas, water and electricity.

Naturally, you want to live comfortably once you've moved in. And you want your home to retain its value. That will mean doing regular maintenance. How much you need to allow for maintenance depends on the age of the property and its state of repair and maintenance. If you are buying a flat or apartment, you may be required to pay a monthly amount towards a collective maintenance scheme.

How much you will have to pay

Your monthly mortgage payment depends on:

- ▶ How much you borrow
- ▶ The repayment method you opt for
- ▶ The fixed-rate period you choose



How much you can borrow depends on your circumstances. Your advisor can give you a figure, which will take account of your income, the value of the home you want to buy, any additional expenses involved, your future outlook and your preferences regarding repayment method.



For a rough estimate of what you can borrow and what your monthly commitments will be, visit abnamro.nl/mortgage.

You can repay your mortgage in various ways.

ABN AMRO

mortgages

A mortgage that suits you

The type of mortgage you take is up to you. ABN AMRO has a mortgage to suit everyone's circumstances. For example, you can combine different mortgage types and interest rate options. An ABN AMRO advisor can provide a more detailed explanation.

About types of interest

You can choose between a fixed rate of interest and a variable rate. With a fixed-rate mortgage, the rate of interest remains the same for a period – the 'fixed-rate period'. With a variable-rate mortgage, the amount of interest you pay each month can go up or down. Your interest rate is also influenced by how big your mortgage is in relation to the value of your home.



Interest-Only Mortgage

During the term of this type of mortgage, you pay only interest each month. So, at the end the term, you still owe the full amount that you borrowed. You then repay this amount in one go. You might do this using savings that you have built up during the term of the loan, for example. Or you might raise the money by selling the property. You can borrow up to half of the value of your home on an 'interest-only' basis. However, if you take out an interest-only mortgage after 1 January 2013, you will no longer qualify for tax relief on the interest that you pay.

Level-Payment Mortgage

Each month, in addition to paying interest, you pay back some of what you borrowed. Your total monthly payment remains the same. However, most of what you pay initially is interest and just a small amount is repayment. This means that, in the early years, a higher amount is tax-deductible. Then, towards the end, most of what you pay is principal and only a small part is interest.

Straight-Line Mortgage

In this case, each month you pay back a fixed 'slice' of what you borrowed, steadily reducing what you owe. In addition, you pay interest on what you owe. As the amount you owe goes down, the amount of interest payable also goes down. So your monthly payments get smaller as time goes by.



Important

With a Level-Payment Mortgage or a Straight-Line Mortgage, your tax advantage gradually shrinks. You repay a part of the loan every month, so the outstanding balance decreases.

This means that the amount of interest you pay also falls and your mortgage interest relief steadily diminishes.



the benefits of your ABN AMRO mortgage

ABN AMRO Personal Package

Do you have a Personal Package and is your income credited to an ABN AMRO payment account? If so, you qualify for a discounted rate of mortgage interest, as long as you continue to receive your income through this payment account.

Lower interest rate?

In some cases, we can reduce the rate of interest that you have previously agreed with us. We may be prepared to cut your interest if, for example, your home has gone up in value, or if you have paid back part of your loan. Before we can reduce your interest, we will need you to provide us with a valuer's report or a report stating your home's official property value.



"Moving house was a huge undertaking. We were really glad that transferring the mortgage was so straightforward."

Take your mortgage with you when you move

If you have bought a new house, you can take your mortgage with you and keep your existing interest rate. Any extra money that you borrow on top of what you already owe will be covered by the conditions and rate of interest applicable at that time.

No penalty for extra repayments

If you have some cash to spare, you can pay off up to 10% of your mortgage loan per year without incurring a penalty. Any part of your mortgage that carries a variable rate of interest can be paid back at any time. If you are considering an extra repayment, ask your advisor to work out whether this will benefit you.

No penalty if you sell up

If you sell your home and pay off your mortgage with the proceeds, we will not charge any penalty interest. The reasons for penalty interest and the situations in which it is payable are explained (in Dutch) on abnamro.nl/terugbetalen.

Bridging loan

If you buy a new home before selling your old one, you may need extra money for a while. That's where an ABN AMRO bridging loan comes in. You can arrange for a bridging loan when you take out your new mortgage.

You arrange everything at once.
Much easier.

insurance to go with your mortgage

Buildings insurance

If you take out an ABN AMRO mortgage, you must insure your home. Buildings insurance protects you if your home is damaged by fire, storm or by intruders, for example. If such an unfortunate event occurs, we will help you get everything repaired and settle up on your behalf. You will not have to arrange or pay for anything in advance.

Contents insurance

Home contents insurance covers you against the possibility of your possessions being stolen or damaged in a fire, for example. If you need to make a claim, we will deal with it quickly and you will not have to pay for repairs or replacements before recovering the money from us. If you have a 'BORG' certificate or a 'Secure Home' certificate ('*Politiekeurmerk Veilig Wonen*'), you qualify for a 20% discount on the premium rates.

Occupational disability insurance

If you become unfit for work, you may find it difficult to keep paying your mortgage. Occupational disability insurance provides protection in such situations. The premiums are tax-deductible, but insurance pay-outs are taxable.



Life insurance

Could your partner pay the mortgage if you died? A life insurance policy provides you with the peace of mind that your partner will be able to pay the mortgage in the event of your death. Life insurance is compulsory with some mortgages, e.g. an NHG mortgage for more than 85 per cent of the property value.

Extra discount

ABN AMRO insurance is competitively priced and the policy conditions are very reasonable. If you have several policies with us, you qualify for extra discounts.



When you take out an ABN AMRO mortgage, you qualify for 20% discount on buildings and contents insurance. Details of our home insurance products are available from abnamro.nl/insurance.

You can reach us in multiple ways 24 hours a day, seven days a week

information and advice

Advice

If you have any questions about our products or services, don't hesitate to call in at a branch, where the staff will be happy to help. Or call 0900 0024 (€ 0.10 per minute), 24 hours a day, seven days a week.

Brochures and leaflets

Are you a first-time buyer? The brochure 'Buying your first home' is a handy guide for anyone who's new to the housing market. You can pick up a copy of this brochure as well as our other brochures and leaflets from any ABN AMRO branch or request one by calling 0900 0024 (€ 0.10 per minute).

Code of conduct

It is important that customers can afford their loans so mortgage lenders have to work within certain rules. Those rules are set out in the Mortgage Finance Code of Conduct and the Financial Supervision Act. Our advisors follow these rules. The Code of Conduct (in Dutch) can be found at abnamro.nl/mortgage.



Mortgage Services Document

You can read our Mortgage Services Document at abnamro.nl/mortgage. It explains:

- ▶ what you can expect from ABN AMRO when you take out a mortgage with us
- ▶ what we expect from you
- ▶ how we are compensated.



Online

Visit abnamro.nl/mortgage for detailed information about our products and services.

About ABN AMRO

ABN AMRO Bank N.V. has its registered office at Gustav Mahlerlaan 10 (1082 PP), Amsterdam (P.O. Box 283, 1000 EA), The Netherlands, and is registered in the Amsterdam Trade Registry under number 34334259. ABN AMRO Bank N.V. is registered by the Autoriteit Financiële Markten and authorized by De Nederlandsche Bank for the conduct of its business in the Netherlands. ABN AMRO Bank N.V. (the "Bank") is a "Local Clearing Member" with "Clearing Code" 307. The Bank uses the CHATS system and has a settlement account with the RMB Clearing Bank. The RMB Clearing Bank provides clearing and settlement services for the Bank's RMB business. The Bank is registered as a RMB Clearing Member since 1 March 2011."

About this brochure

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